



STATE OF DELAWARE
DEPARTMENT OF STATE

JEFFREY W. BULLOCK
SECRETARY OF STATE

June 8, 2018

The Honorable Jeb Hensarling
Chairman
Committee on Financial Services
U.S. House of Representatives
Washington, D.C., 20515

The Honorable Maxine Waters
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, D.C., 20515

Dear Chairman Hensarling, Ranking Member Waters, and Members of the Committee,

The Delaware Department of State has a long history of supporting efforts to establish an effective national framework to collect beneficial ownership information from business entities formed in the United States. I want to thank this Committee for its leadership on the issue and continued work to find a common-sense approach that gives law enforcement the tools they need to combat money laundering and terror financing. Specifically, we are pleased to write in support of the beneficial ownership principles included in the November 2017 *Counter Terrorism and Illicit Finance Act* discussion draft, cosponsored by Chairmen Pearce and Luetkemeyer.

The *Counter Terrorism and Illicit Finance Act* discussion draft aims to modernize our nation's anti-money laundering and countering the financing of terrorism (AML/CFT) regime. The draft legislation proposes new beneficial ownership reporting requirements for corporations and limited liability companies ("LLCs") formed under the laws of every state. The federal collection of beneficial ownership information is critical to strengthening the AML/CFT framework, and we believe the requirements outlined in Section 9 of the draft represent a meaningful step forward in creating a workable solution to curb money laundering and terrorist financing through U.S. companies.

We support the framework contemplated in the draft, which proposes the collection of beneficial ownership information by the Financial Crimes Enforcement Network (FinCEN) and is consistent with the kind of effective and sustainable national approach that we have long advocated. We believe FinCEN possesses the expertise to effectively implement a standardized framework for the collection of beneficial ownership information, rather than a piecemeal, state-based approach, which would create loopholes vulnerable to exploitation by bad actors.

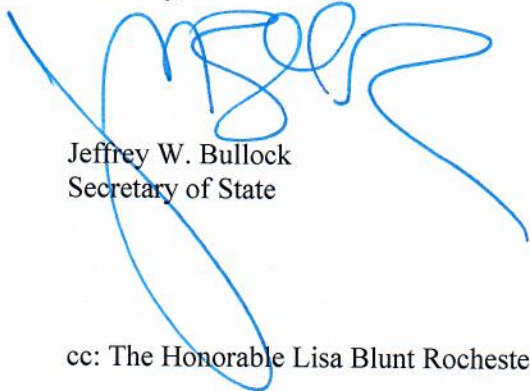
Moreover, the draft bill strikes an appropriate balance to assist law enforcement and help financial institutions meet their obligations under the Bank Secrecy Act, while maintaining critical safeguards to limit who may access information collected by FinCEN. The legislation is properly tailored to require beneficial ownership disclosure only for those entities most likely to be utilized for illicit purposes.

We recognize there will be disagreement with some aspects of the bill. However, we believe the *Counter Terrorism and Illicit Finance Act* draft reflects a fair compromise on the most controversial provisions that have previously combined to prevent AML/CFT reforms from becoming law.

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Again, thank you for your leadership, and I look forward to our continued partnership as Congress works to pass legislation to address this critical issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "J. Bullock", with a large, sweeping flourish extending to the right and a large loop on the left side.

Jeffrey W. Bullock
Secretary of State

cc: The Honorable Lisa Blunt Rochester